

Message Text

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ACTION EUR-25

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TAGS: ELAB, OECD

SUBJECT: TUAC VIEWS ON ENERGY CRISIS

REF: USOECD 1235

1. --SUMMARY:-- AT TUAC REQUEST OECD-TUAC LIAISON COMMITTEE MET INFORMALLY JANUARY 17 TO HEAR TUAC VIEWS ON EMPLOYMENT EFFECTS OF ENERGY CRISIS. NOTABLE WERE SIMILARITIES OF TUAC VIEWS WITH "BEARISH" VERSION OF FORECASTS BY OECD SECRETARIAT IN SHORT-TERM FORECASTERS MEETING, JANUARY 10-11 REPORTED REFTEL.

TUAC ANALYSIS CENTERED ON ASSUMPTION OF SHARPLY INCREASED UNEMPLOYMENT EXPECTED FROM DEFLATIONARY IMPACT OF OIL PRICE INCREASES COMING ON TOP OF ANTI-INFLATIONARY GOVERNMENT POLICIES IN FORCE BEFORE OIL CRISIS. TUAC CALLED FOR "SELECTIVE MEASURES" TO REFLATE ECONOMIES CREATE NEW JOBS, AND RAISE WAGES TO COUNTER RECENT DECLINE IN REAL INCOMES; IT PAID LITTLE ATTENTION TO EFFECTS ON DOMESTIC PRICE LEVELS.

IN DISCUSSION TUAC MEMBERS PLAYED DOWN EXTENT OF OIL SHORTAGE AND CALLED FOR "INTERNATIONAL CONTROL" OF OIL COMPANIES TO AVOID MANIPULATION OF PRICES AND SUPPLY. TUAC CONCERN FOR GOVERNMENT UNCLASSIFIED

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ACTION TO PREVENT SERIOUS UNEMPLOYMENT UNDERLINED BY HIGH-RANKING

MEMBERSHIP OF TUAC DELEGATION.

END SUMMARY--

2. IN INTRODUCING PAPER, (POUCHED TO EUR/RPE, KINNELLY) TUAC SECRETARY GENERAL, HENRI BERNARD, SAID THAT WITH OR WITHOUT AN OIL CRISIS, GOVERNMENTS MUST PURSUE A POLICY OF ECONOMIC GROWTH INTENDED TO RAISE STANDARD OF LIVING OF WORKERS. MAIN POINT IN PAPER WAS URGENT NEED FOR SELECTIVE MEASURES TO REFLATE THE ECONOMY, ESPECIALLY GOVERNMENT EXPENDITURE TO INCREASE EMPLOYMENT. THIS INCLUDED EXPANDED TRAINING AND EDUCATIONAL PROGRAMS, EQUAL TREATMENT FOR NATIONAL AND FOREIGN WORKERS, PRIORITY FOR PUBLIC INVESTMENT AND COORDINATION OF NEAR TERM MEASURES WITH LONGER RANGE ECONOMIC AND SOCIAL GOALS. BERNARD ALSO SAID THAT SIGNIFICANT WAGE INCREASES WERE NECESSARY IN 1974 TO COUNTER DECLINE IN REAL WAGES LAST YEAR CAUSED BY RAPID INCREASE IN BOTH PRICES AND CORPORATE PROFITS. BERNARD UNDERLINED NEED FOR INTERNATIONAL APPROACH TO ENERGY PROBLEM, CITING NEED FOR COOPERATION BETWEEN OECD COUNTRIES TO CONTROL PRICING AND DISTRIBUTION PRACTICES OF OIL COMPANIES. HE ALSO SAID DOMESTIC CONTROL OF PETROLEUM PRICES WAS DESIRABLE ANTI-INFLATION MEASURE. TUAC ECONOMIST C.E. ODHNER (SWEDISH LO) FOCUSED ON "KEY PROBLEMS" OF STIMULATING ALLEGEDLY INSUFFICIENT DEMAND. ODHNER SAID HIGHER OIL PRICES NOT ONLY DEFLATIONARY BUT POSED UNCERTAINTIES WHICH HE PREDICTED WOULD DAMPEN CONSUMER DEMAND AND DELAY INVESTMENT DECISIONS. HE SAID LOWER DOMESTIC DEMAND WOULD ALSO MEAN LOWER DEMAND FOR IMPORTS, AND WITHOUT STIMULATIVE GOVERNMENT POLICY, WOULD LEAD TO LOWER LEVEL OF WORLD TRADE. ALTHOUGH COUCHED IN DIFFERENT TERMS, SUBSTANCE OF ODHNER REMARKS CLOSE TO "BEARISH" SECRETARUAT FORECAST IN PARA 4 REFTEL.

3. NOTEWORTHY IN TUAC PAPER IS DEMAND FOR DOMESTIC PRICES AND PROFIT CONTROLS AND TEMPORARY REDUCTION OF TAXES ON PETROLEUM PRODUCTS IN ORDER TO REDUCE INFLATIONARY PRESSURE ON NATIONAL PRICE STRUCTURE.

4. ON INTERNATIONAL SIDE, TUAC PAPER CALLS ON CONSUMER-COUNTRIES TO COOPERATE TO (1) REDUCE PRESENT TRADE "DISTURBANCES" IN REFINED PETROLEUM PRODUCTS, (2) PREVENT SPECULATIVE STOCKPILING OF PETROLEUM AND OTHER RAW MATERIALS, AND (3) CONTROL PRICING AND DISTRIBUTION PRACTICES OF INTERNATIONAL OIL COMPANIES.

5. COSTA REHN, RETIRING DIRECTOR OF OECD MANPOWER AND SOCIAL UNCLASSIFIED

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AFFAIRS DIRECTORATE, SAID MEMBER COUNTRIES WOULD BE ASKED AT MARCH MEETING OF MSAC TO REPORT ON ABILITY TO (1) RESPOND TO SUDDEN AND LARGE INCREASES IN UNEMPLOYMENT AND (2) PROTECT VULNERABLE WORKERS (WOMEN, YOUTHS, HANDICAPPED AND UNSKILLED). IF PETROLEUM CRISIS FORCED

SHORTER WORKING HOURS, REHN HOPED TRAINING WOULD BE INCREASED TO TAKE UP SLACK AND INCREASE FUTURE PRODUCTIVITY.

6. FOLLOWING TOP-LEVEL OFFICERS WERE PRESENT: KOK OF DUTCH
NVV, SHIOJI OF DOMEI AND JAPAN AUTOWORKERS, O'SULLIVAN OF IRISH
LOCAL GOVERNMENT AND PUBLIC SERVICES UNION; CIANCAGLINI OF ITALIAN
CISL; FRANCE: VENTEJOL OF CGT-FO, CALVEZ OF CGC AND ROLANT OF CFDT;
VOGNBERG OF DANISH LO (TUAC PRESIDENT);
DEBUNNE OF BELGIAN FGTB AND D'HONDT OF CSCB, AND HOFSTETTER
OF AUSTRIAN OGB.BROWN

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